



## Forget Gold: 2 Black Gold Stocks to Buy Instead

### Description

Warren Buffett has a famous quote when it comes to gold: “Gold gets dug out of the ground in Africa, or someplace. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.”

Buffett’s claim is completely correct. For the most part, there is very little industrial gain by having gold. And while there are plenty of mining companies on the TSX 60 that might be worthy investments, owning actual gold is not a good investment, in my opinion. If you own it, I believe you should sell it and instead put that money toward the best black gold money can buy: oil.

And if you’re looking for two companies to buy, you’ve come to the right place.

### Cenovus Energy Inc.

**Cenovus Energy Inc.** ([TSX: CVE](#))([NYSE: CVE](#)) has done really well by continuing to grow production. In the second quarter of 2014, it saw a 3% increase in production. This, coupled with growing margins, primes Cenovus for a solid, upward trajectory.

But what really makes this stock appealing to me is the fact that the price has plummeted since the end of July. The 52-week high for this stock is \$34.80 and right now, it’s priced at \$29.31, and it appears to be dropping even more.

The thing is, this is for no other reason than the fact that the majority of oil companies are also seeing this plummet. Consider **Exxon Mobil Corporation** ([NYSE: XOM](#)). At the end of July, it was at \$104.38 per share. It has since fallen to \$92.86.

That makes these stocks a buy. My advice is to wait for it to bottom out and then watch for a few days of positive trajectory. When that happens, buy in because I think it’s going to go way up.

### Canadian Natural Resources Limited

**Canadian Natural Resources Limited** ([TSX: CNQ](#))([NYSE: CNQ](#)) is one of the biggest oil companies

in the world. What makes Canadian Natural Resources lucrative is its diversified oil exploration and production around the world. It has assets in North America, Africa, and the North Sea.

But, like Cenovus, this stock has gone from a 52-week high of \$49.57 and dropped to \$42.14. That makes it a lucrative buy because it has seen that tremendous drop-off despite the fact that the company is really in a good position to dominate in the coming months and years. With quite a bit of money in the bank as well, it's the kind of company that can survive through tough times.

I also love the fact that it pays out a 2% yield. If you're looking for a stock to pad your bank account, Canadian Natural Resources is a safe bet. But similarly to Cenovus, this stock is in an industry that has been getting hammered in the markets. Wait to see if there has been a reversal before jumping on board. Sacrifice some profit to minimize your risk.

### **Winter is coming**

As the wise Eddard Stark would say, "Winter is coming." And with that comes a growing need to keep warm. Oil is still one of the dominant ways that we keep warm during the winter. With that growing demand, we'll likely see oil prices increase and, consequently, the stock valuations of these two great companies.

### **CATEGORY**

1. Energy Stocks

### **TICKERS GLOBAL**

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSE:XOM (Exxon Mobil Corporation)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:CVE (Cenovus Energy Inc.)

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